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Gemini Corporation 2004 ANNUAL REPORT

CORPORATE PROFILE > Gemini Corporation ("Gemini" or the "Company") is a growth-oriented, Calgary-based company supplying a wide range of services including project management, engineering, fabrication, construction, maintenance and operating services. **Our vision is to be the leading provider of engineered solutions.** In 2004, the Company conducted business in five operational areas through five limited partnerships. Engineering services are provided by both Gemini Engineering and GEM Production Management, with Gemini Engineering focused on larger clients and projects and GEM providing engineering services as well as field operations support to the emerging producers. Kinetic Process Systems supplies fabrication capabilities and Kinetic Projects is the field construction division of the Company. Kinetic Projects has also recently added plant maintenance capabilities. GenSolutions continues to provide environmental engineering services.

GEMINI CORPORATION TRADES ON THE TSX VENTURE EXCHANGE UNDER THE SYMBOL GKX

Gemini > THE RIGHT MARKET, THE RIGHT PLAN, THE RIGHT PEOPLE


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The Market > GLOBAL DEMAND IS INCREASING FOR TECHNICALLY SOUND SOLUTIONS TO SUPPORT GROWING ENERGY NEEDS, FROM BOTH CONVENTIONAL AND RENEWABLE RESOURCES. THIS PROVIDES GEMINI WITH OPPORTUNITIES TO EXPAND.


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The Plan > GEMINI'S STRATEGIC PLAN COMBINES TECHNICAL SKILLS WITH EXECUTION SKILLS TO CREATE LONG-TERM GROWTH, DIVERSIFICATION AND STABILITY.


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The People > GEMINI'S HIGHLY SKILLED PEOPLE AND ENTREPRENEURIAL WORKING CULTURE WILL CONTINUE TO DELIVER OPERATIONAL STABILITY AND TOP PERFORMANCE. GEMINI IS STRIVING TO BE RECOGNIZED AS THE PLACE TO BE IN TERMS OF WORK SATISFACTION, CAREER GROWTH AND PERSONAL OPPORTUNITIES.

Results > WE ARE IN THE RIGHT MARKET, WE HAVE THE RIGHT STRATEGIC PLAN, AND WE HAVE THE RIGHT PEOPLE TO CARRY OUT THIS PLAN. THIS COMBINATION LEADS TO THE RIGHT RESULTS – SUPERIOR CLIENT SERVICE AND CONTINUED FINANCIAL SUCCESS.


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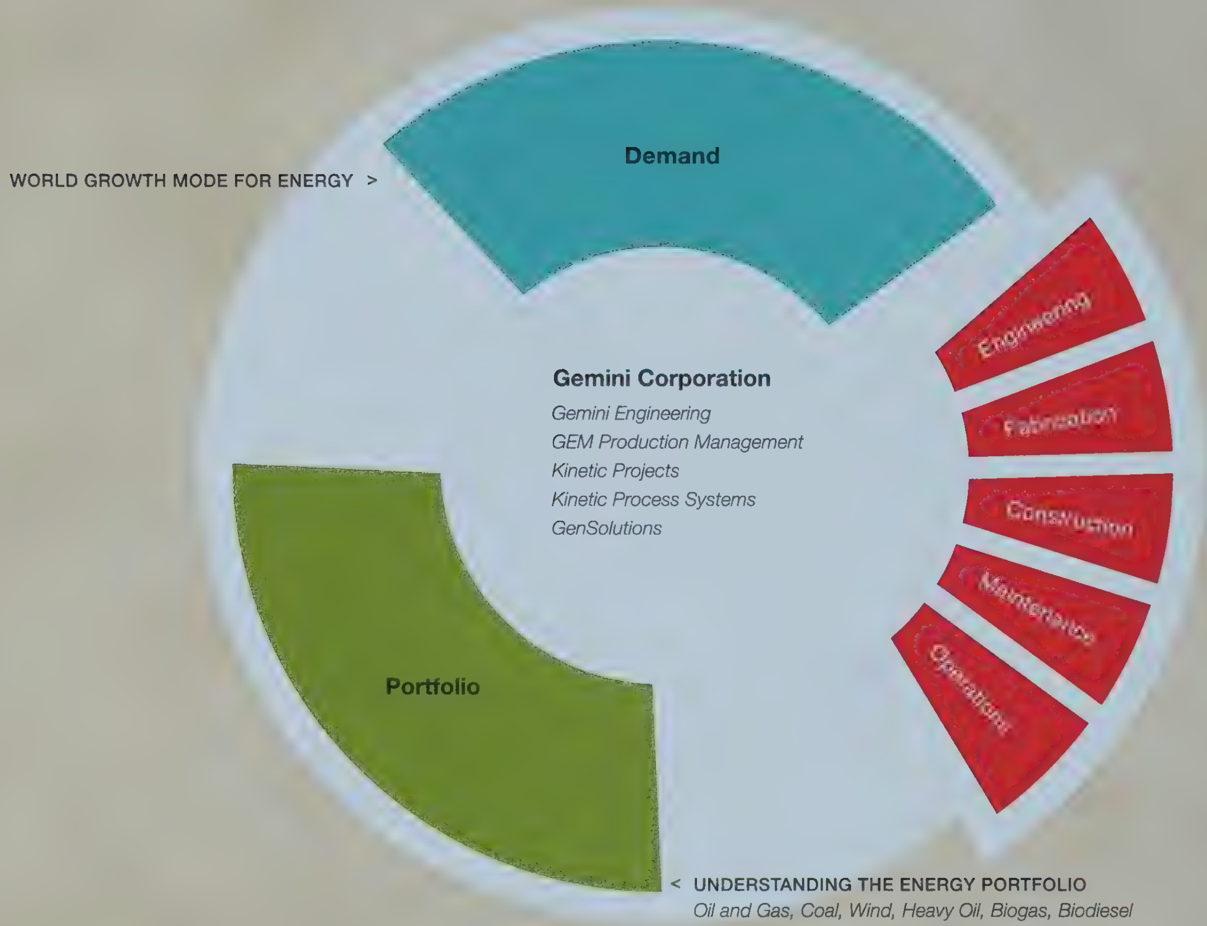

THE MARKET > *Today's high oil and natural gas prices are enhancing the profitability of production-related companies. Drillers are drilling (at record numbers), producers are producing (with record profits) and service companies are supporting this activity with engineering services, equipment manufacturing and facilities construction.*

A growing concern towards environmental responsibility around the world is increasing demand for clean energy solutions: that is, energy from clean sources, delivered in a safe, environmentally sound manner, from discovery to processing to transportation.

As a diversified energy services company, Gemini is well positioned to benefit from strong oil and gas production activity. We also believe that alternative sources of energy – such as wind, biomass and cogeneration will be a significant part of the world's energy portfolio. We continue to expand our involvement in this new world of energy.

Message to Shareholders

I am pleased to present our Annual Report providing operating and financial results for Gemini Corporation for 2004. As you read this report, I believe it will be apparent that the Company has made a number of very positive moves to strengthen its business foundation for further growth and success. During 2004 investments were made in new technology ventures, equipment and facilities that, over the short term, have impacted our earnings. However, we expect that over the long term these efforts could provide significant financial benefits for the Company.

With strong oil and gas prices during 2004, our traditional businesses were very active, and all indications point to this trend continuing through 2005. As the majority of Gemini's business is driven by the oil and gas industry, one of our primary goals has been to reduce our dependence on this industry by diversifying into other sectors. We believe that progress has been made to meet this goal through our involvement in industrial and municipal waste treatment, biomass handling and cogeneration, and the provision of services to the forest products industry. Late in 2004, we also introduced plant maintenance services, and this was expanded in early 2005 through the acquisition of assets of Lyle Carey Enterprises Ltd. We expect that our involvement in these ventures will enhance the long-term stability of our business.

I am confident that Gemini occupies a unique position in our industry as a result of our full service capabilities. We are operating in an environment at a time when opportunities have rarely been greater, and looking to 2005 and beyond, we believe that we are in the right market, we have the right plan and the right people to grow and succeed for many years to come.

A quick review of total revenues generated during the past few years will highlight the growth that Gemini has achieved. It has been necessary to relocate our head office into larger space to accommodate our Calgary based staff which has increased since 2002 by approximately 40% annually. At the same time, it has been a challenge to adapt business processes to handle this growth. Beyond our investments in new technologies, earnings did not meet expectations due in part to issues with growth, but also with project controls. However, with the experience gained during this period we have made the appropriate adjustments. Measures have been implemented, particularly in the fabrication and construction groups, to improve internal controls over project costs, and to monitor the continually increasing costs of materials, labour and consumables. The business environment in which we operate is in constant change, and we believe that we are building the necessary capabilities to be successful.

2004 IN REVIEW > The year ended December 31, 2004 was in many respects a very successful year for Gemini Corporation. Gross revenues increased 55% to $39,718,000 from $25,564,000 in 2003, cash flow was $2,372,000, a year-to-year increase of 35%, and assets grew by 59% to $16,649,000. However, net earnings of $1,150,000 declined 32% from the prior year, and gross profit as a percent of sales dropped from 32% in 2003 to 24% in 2004.

There were several reasons for the reduction in earnings. Costs to complete a process utilizing new technology proved to be considerably higher than expected. The Company also

had to absorb the increased cost of labour, materials and consumables on certain projects in addition to costs incurred with the office relocation, and additional equipment and tools to handle our increased growth. Many of these were incurred in the fourth quarter.

In addition to the increased expenditure in equipment, the Company also added senior staff in critical areas. These additions encompassed all areas of our operations including our new office in Edmonton. Although costs had to be incurred to add these resources, Gemini is now positioned to handle higher work volumes in 2005 and beyond, and we expect that these investments will produce long-term benefits.

As mentioned earlier, 2004 was in many respects a very successful year for Gemini. Among the key achievements were:

> Start-up of the Edmonton office to focus on environmental services;
> Expanded our client base in junior oil and gas companies;
> Overall growth in client base by 24 new clients in 2004;
> Developed long-term relationships with a major filter supplier, continued growth in the manufacture of large bore valves and gained entry into European high spec pressure vessel market. These ventures are expected to form a base load of approximately 20% of the workload for the manufacturing facility over the longer term;
> Entered into the forest product and cogeneration market;
> Negotiated a long-term lease for new corporate offices in downtown Calgary;
> Upgraded internal engineering systems such as project cost control and 3-D drafting;
> Established an increased operating line from $3 million to $5 million with our prime lender. This was subsequently increased to $8 million in early 2005;
> Appointed a corporate Heath, Safety and Environmental officer;
> Recognized as one of Alberta's fastest growing companies by Alberta Venture magazine; and
> Recognized by Careers Canada as one of the best places for new graduates to work.

Safety During the year, the Company recognized the need to enhance its activities to protect the safety and well being of our staff, clients and the public. To meet this, we added a new position of Health, Safety and Environmental officer (HSE). This position will monitor existing procedures, put in place additional safety procedures and provide training, as necessary, to meet or exceed all client and regulatory requirements. During 2004 the Company's safety record was excellent with only one lost time accident. We continue to strive for zero time lost from accidents.

BEYOND 2004 > With our ability to handle increased volumes of work, the implementation of tighter internal controls, and efforts to target work with better margins, profit levels should return to levels experienced in previous years. For 2005, our financial plan is based on overall revenues increasing to approximately $50 million. This target does not include additional contributions expected from the new maintenance division as a result of the addition of the Lyle Carey Enterprises Ltd. operation. It is possible that revenues could approach $55 million for 2005.

Reaching these levels of business has required us to revisit our organizational structure and internal controls and to review how we manage our business. Our focus now is to return to higher levels of profitability. With the infrastructure that we now have in place and continual improvement of our business processes, we believe we will succeed. In early 2005 we added Mr. Robert Brookwell as Vice President and Chief Financial Officer. Rob brings 20 years experience in public company and financial expertise to the Company. The addition of Rob to the Gemini team is a step towards strengthening financial management and corporate governance of the Company.

I am very pleased to also welcome Mr. Ron Dooley to the Board of Directors of the Company. Ron brings extensive experience at executive levels in the oil and gas industry to Gemini. Ron is well recognized within our client group and we look forward to his contributions to the growth and development of the Company.

We are operating in the right market, we are confident we have the right business plan, and we have the right people to achieve our objectives of sustainable long-term growth and enhanced shareholder value.

On behalf of the Board of Directors, I would like to acknowledge the dedication and efforts of our staff during the year. The Company's success depends on their commitment to the vision of the organization. I would also like to express my thanks to the Board of Directors for their ongoing leadership and guidance and to all our shareholders for their continued support.

Yours sincerely,

Carl Johnson
President & Chief Executive Officer
April 7, 2005

THE PLAN > *Today's energy market is rewarding companies in exploration, production and services. The Gemini management team, with hundreds of years of combined experience in the industry, sees continued and new energy developments on the horizon. Perhaps today's growing demand for energy will ease. Perhaps new sources of oil and gas supply will be elusive to explorers. Perhaps high prices will discourage high energy-consuming uses and encourage conservation. Sooner or later, the economics of oil and gas production will change and the economics of alternative energies will improve.*

We'll be ready. As we do today, the Gemini of the future will operate in a variety of service sectors that complement and support each other, all relating to energy in its many forms. From engineering to fabrication to construction, maintenance and operations, Gemini will work closely with its clients to enhance their profitability, whether it's in oil and gas, biomass, wind, cogen or making industrial plants such as forest product, fertilizer, and waste treatment, more efficient in their operation.

We will continue to develop the internal resources needed to provide clients in these industries with a wide range of integrated engineered solutions and products.

Operations Review

Gemini Corporation offers four distinct services to its clients through five operating divisions. Recognizing the various needs of our clients, and the advantages of flexibility in our offering, Gemini's services can be customized to fit specific project goals. Operating five divisions allows Gemini to monitor and manage the performance of each to ensure they contribute as planned to overall corporate goals.

ENGINEERING Engineering services are provided by Gemini Engineering, GEM Production Management and GenSolutions.

Gemini Engineering continues to focus on larger and more technically challenging projects. GEM Production Management targets junior E&P companies while GenSolutions is becoming recognized in environmental areas requiring technically sound solutions to waste treatment and management related projects.

Under the current structure, Gemini can tailor engineering services to suit virtually any situation. This makes the Company one of the industry's more recognized providers of technical services.

Operating Environment in 2004 The engineering business in 2004 saw strong growth over 2003 levels. Overall revenues from engineering increased from $14.88 million to $18.95 million, a growth of 27%. In addition, the technical scope of work increased in complexity, in contrast to previous years in which most activities involved connecting wells into existing infrastructure. Work that is more technical in nature assists in attracting staff and we have been able to add some key individuals to the engineering team that will further elevate our capabilities.

In 2004, we saw continued growth with the junior producers. With current energy prices the ability of these companies to raise money for new projects remained strong.

The Company continued to develop opportunities in biomass and waste treatment. Through 2004, two waste treatment projects were secured.

2005 Plan The Company has developed plans that, if achieved, will see approximately 10% growth in the engineering business. The engineering sector of our operations enters 2005 with a high level of active and planned projects. The focus will continue to be on hiring competent staff and increasing workload in more complex projects, while maintaining our focus on providing high-quality service to our traditional client base.

Our core clients continue to have aggressive capital budgets and indicate activity levels at or higher than 2004. In the environmental areas, two projects in 2005 have received full or partial financing and the clients have expressed strong interest in using the Company's services. With the addition of Lyle Carey Enterprises Ltd., clients in the Fort Saskatchewan area have shown interest in our engineering services. This addition has the potential to open a new market in this area for Gemini.

FABRICATION Kinetic Process Systems provides the Company's fabrication services, through our manufacturing plant in Ponoka, Alberta. Fabrication services are provided

ENGINEERING ACHIEVEMENTS IN 2004

> Exceeded financial targets both in revenues and earnings

> Added 11 new clients

> Succeeded in developing environmental engineering opportunities with a large municipal and two large E&P clients, setting the stage for growth in the environmental area for 2005

> Converted all our drafting design to 3-D, which will improve our product to clients and provide additional opportunities for our staff

> Succeeded in recruiting and retaining key staff in a tight labour market

separately or in combination with engineering and/or construction services. Products include modular plants, packaged process equipment, pressure vessels and custom equipment manufacturing.

Operating Environment 2004 Over the past two years, the focus has been to stabilize the workload and improve our ability to undertake more technically focused projects. During the year, we achieved these goals. One example was the first commercial application of a new process for conversion of H_2S to sulphur. The division also successfully supplied several high spec stainless steel pressure vessels into the European market. Both these markets are expected to continue to grow.

The fabrication division operated at a loss for the year. The main reason for this was the development work done on the new process. The knowledge gained from this project allowed us to leverage the technology into new projects and several projects are already in the budgeting phase.

The Company continues to market the Once Through Steam Generator (OTSG) under the Memorandum of Understanding with ME Engineering. During the year, the division pursued three OTSG opportunities without success. Regardless, this technology continues to gain acceptance and several new applications have been identified for 2005.

The fabrication division uses the services of other divisions within Gemini. In 2004, fabrication services accounted for $900,000 of revenue in other divisions. Fabrication also supports our construction activities and was key to acquiring two significant projects by providing the ability to meet tight schedules.

2005 Plan The Company's main focus for this division is to bring it back to profitability and long-term viability. Over the last two years this division has carried the cost of the Company's involvement in new product development which has utilized significant resources and expenditures. Although the Company believes that these activities will provide benefits to both our fabrication and engineering activities, they are long-term in nature. Therefore, in 2005 our fabrication group will focus on obtaining a higher component of work from established and repeat clients. In addition, we continue to examine our systems to improve our efficiencies and profitability.

With input from clients and the indication of strong levels of industry activity, this division is planning for a 15% growth in revenues. This growth will enhance our ability to maintain a strong and consistent work force and to attract additional resources needed. We are also increasing our project management and fabrication support resources at the shop which will further streamline operations.

In our ongoing efforts to expand our market, the fabrication division obtained National Board Certification in early 2005 which opens the U.S. market. In addition we expect to have our Canadian Welding Bureau (CWB) and "S" approvals early in 2005. The CWB approval is for structural steel fabrication and the "S" stamp is for boiler manufacture.

FABRICATION ACHIEVEMENTS IN 2004

> Increased bids from 162 (2003) to 262 (2004)

> Added seven new clients

> Obtained Conformite Europeene (CE) certification and completed supply of seven SS vessels to a major client in Europe

> Increased shop man-hours from 51,000 (2003) to 76,000 (2004)

CONSTRUCTION Construction services at Gemini Corporation are provided by Kinetic Projects. This division is a full-discipline contractor that can provide civil, mechanical and electrical services. By teaming with our engineering and fabrication divisions, Kinetic Projects can offer Engineer Procure and Construct (EPC) services.

Operating Environment 2004 Despite a slow start in the first third of the year, this division gained momentum in the last two-thirds of the year to finish with 171% revenue growth over 2003 levels. Even more significantly, this division entered the cogeneration, power boiler and forestry industries. During the year the division expanded its capability from two to seven qualified superintendents. The construction division also undertook more full-service work, including use of the Company's engineering and fabrication groups. Clients continue to value our ability to undertake entire projects from engineering through to start-up. This concept provides faster turnaround on projects and in fast-track situations, can advance schedules significantly.

The construction division exited the year with a strong bid load and by the end of January 2005 had booked nine projects from 21 proposals. Kinetic has recently added additional estimating and project management skills in both mechanical and electrical disciplines – establishing it as a full-discipline construction company.

2005 Plan This division expects 2005 to be a strong year and has planned for growth levels of 20% over 2004. The construction division has identified several opportunities that will form the base for achieving these growth targets. This continued growth will elevate Kinetic Projects into the mid-sized construction company market.

The plan is to focus geographically on central and south Alberta and lower mainland British Columbia. With the high level of activity in the Fort McMurray region, many of our larger competitors are moving there. We plan to remain in the south region and fill the void left by these companies. This division has seen success in this move and is becoming recognized as a strong player in these regions.

With the success that began in 2004 in forest and cogen work we will continue to service this market. To date in 2005 we have already acquired a significant amount of work from this sector.

With last year's focus to build infrastructure near completion, the intent for 2005 is to make increased margins a priority.

In late 2004, the Company decided to start a plant maintenance operation. Toward that end, the decision was made to acquire the assets of Lyle Carey Enterprises Ltd. in Fort Saskatchewan, Alberta. Following negotiations, a Letter of Intent was signed late in December. The transaction closed in the first Quarter of 2005. This business is expected to bring approximately $6 million in additional revenues for the balance of 2005. During due diligence work, several clients of Lyle Carey Enterprises Ltd. expressed interest in the other services of the Company. It is expected that additional business for engineering and fabrication will result from this acquisition.

CONSTRUCTION ACHIEVEMENTS IN 2004

> Entered the forest, cogeneration and power boiler industries

> Added six new clients

> Worked 110,260 manhours with zero lost-time accidents

> Expanded client recognition of the division's capabilities through increased sales

Initial meetings with the employees of Lyle Carey Enterprises Ltd. found substantial support for and interest in the Company. This appears to be a very good match of cultures and objectives, and we are pleased that the two businesses have joined forces.

OPERATIONS The Company provides operations services through GEM Production Management. These services represent approximately 20% of the division's revenues. Operations contracts often continue for several years and provide a stable work load over a long period. The ability to offer operational trouble shooting makes our field services attractive to smaller producers.

Operating Environment for 2004 The 2004 plan was achieved and revenues were tripled as a result of a large contract acquired at the start of the year. While the brisk pace of activity in other divisions in 2004 resulted in the growth of operations being a lower priority, we still had success with two new clients.

2005 Plan The Company is aware of several new opportunities that could result in added growth through the year. These opportunities will be pursued and if successful could result in growth of 10% to 15%. In 2005, the Company plans to develop a long-term strategy for this business, with results expected to be realized in 2006.

OTHER VENTURES The Company continues to develop new technologies. Work continued during the year to support affiliated technologies such as the thermal hydrolysis technology. This technology is currently being investigated for its potential to assist in biogas production, and ultimately energy production through electricity and hot water heating. However, implementation of this technology continues to be impacted by both changing and lack of clear direction from regulators. Even so, the Company has identified several possible applications for this technology and is currently pursuing projects with this in mind.

In addition to the biomass technology, the Company continues to pursue and develop anaerobic digestor projects. One project has commenced, and work is underway to prepare the application to construct and to begin initial process engineering. A second project is expected to begin soon and it is anticipated one of these projects could enter detailed engineering as early as the fourth quarter.

Progress has also been made on the wind power properties in which the Company has an interest. The Alberta project has received financial support for completing a detailed feasibility study on constructing a 100 MW wind farm. This work is underway and if justified the project could be completed by late 2006. The Company expects to participate in design of this facility.

An offer for a power purchase agreement has been received from SaskPower for a 4.5 MW wind farm installation on the properties in Saskatchewan. Work is continuing on evaluating the feasibility of this project as well as considering a larger project. The same party that is supporting the Alberta Development has expressed interest in the Saskatchewan project.

OPERATIONS ACHIEVEMENTS IN 2004

> Achieved a zero lost-time safety record

> Added two new clients

Timing of this project is not defined at the moment; however, if the project proceeds the Company expects to provide services to complete the work.

CORPORATE STEWARDSHIP

Health, Safety and Environment Gemini Corporation is strongly committed to providing the best possible service without compromising the health and safety of staff, clients, suppliers and the general public. The Company's health and safety practices are supported with written policies relating to conducting business in a safe and environmentally responsible manner. The Company's policies and practices, along with client requirements, form the basis of how Gemini conducts business. The objective of the Company is to exceed government requirements.

In 2004, the Company's employees worked approximately 600,000 hours with only one lost-time accident.

As a matter of business, Gemini continually seeks ways to reduce greenhouse gas emissions and improve energy efficiencies for its clients.

Human Resources Gemini recognizes that our Company is made up of partnerships between its staff, management and clients. In these partnerships we work together to accomplish the very best results for all. Our integrity, both personal and corporate, is fundamental to our business practices. Without integrity we cannot adequately address our clients' needs and would not be respected.

In order to achieve best business practices, Gemini believes its staff requires both technical and interpersonal skills to meet clients' needs and achieve career growth. Accordingly, the Company provides employees with both technical and soft skills training. Soft skills training, such as leadership, client relations and interpersonal communications is conducted through our in-house corporate development program. In 2004, 102 Gemini employees participated in 96 training courses to upgrade or expand their technical and leadership skills.

In 2004, Gemini was honoured with an award presented by Alberta Venture for being one of Alberta's fastest growing companies with revenues over $25 million. Gemini was also selected by the Career Directory as being one of Canada's best employers for recent college and university graduates. These awards reflect that our objectives in these areas are are being recognized.

Quality Assurance/Quality Control Gemini's commitment to quality is critical to the success of its operations. Gemini never compromises quality, and this in turn creates the foundation for all its subsidiaries to follow. Each subsidiary has its own quality control programs developed specifically for its business needs. Gemini enjoys a reputation for providing quality products, whether they are engineering, operations, fabrication or construction projects.

THE CAREER DIRECTORY 2005

ALBERTA'S FASTEST GROWING COMPANIES 2005

THE PEOPLE > *The long-term success of any company rests with its people and Gemini recognizes that development of its people is critical to its ongoing success. In today's market, the pressure is on to work faster and with greater innovation than ever. To prosper in this environment, Gemini has developed a team of highly talented and motivated staff, providing a full range of services from engineering to operations. This multi-focus team works together to provide value to clients and meet the challenge of speed while enhancing quality.*

What sets Gemini's people apart is the ability to find innovative solutions, the attitude to deliver exceptional results and the imagination to work in an integrated manner across our broad service offering. This is why many Gemini clients have been with us for 15 to 20 years, and our client list continues to grow.

Gemini continues to develop ways to attract and maintain skilled, committed staff who strive to develop and implement long-term growth strategies for the Company.

The following discussion of Gemini Corporation's financial and operating results should be read in conjunction with the Company's audited consolidated financial statements and related notes. These discussions include various forward-looking statements and information regarding the markets in which the Company operates, demand for the Company's products and services and the Company's projected results. The information supplied is subject to certain risks, uncertainties and assumptions pertaining to operating performance, economic conditions and other factors. Consequently, all of the forward-looking statements made in this report are qualified by these cautionary statements. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary significantly from those expected. The Company assumes no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events, or otherwise.

The financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles (GAAP), except for cash flow from operations as described below. All dollar amounts have been reported in Canadian Dollars. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized in the notes to the consolidated financial statements.

Non-GAAP Financial Measures *One financial measure referred to in the MD&A, namely cash flow from operations per share, is not defined by GAAP in Canada. This non-GAAP financial measure does not have any standardized meaning and therefore may not be comparable to similar measures presented by other companies. Gemini Corporation includes this non-GAAP financial measure because investors may use this information to analyze operating performance. The additional information should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP in Canada. A reconciliation of cash flow from operations is shown below.*

OVERVIEW

Gemini Corporation ("Gemini" or the "Company") is a growth-oriented, Calgary-based company supplying a wide range of services including project management, engineering, fabrication, construction, maintenance and operating services. Our vision is to be the leading provider of engineered solutions. In 2004, the Company conducted business in five operational areas through five limited partnerships. Engineering services are provided by both Gemini Engineering and GEM Production Management, with Gemini Engineering focused on larger clients and projects and GEM providing engineering services as well as field operations support to the emerging producers. Kinetic Process Systems supplies fabrication capabilities and Kinetic Projects is the field construction division of the Company. Kinetic Projects has also recently added plant maintenance capabilities. GenSolutions continues to provide environmental engineering services.

CASH FLOW FROM OPERATIONS

For the year ended December 31	2004	2003
Net earnings for the year	**$ 1,149,772**	$ 1,688,851
Add back non-cash items:		
Amortization	**502,102**	438,470
Stock-based compensation expense	**106,252**	25,931
Future income tax expense (recovery)	**566,448**	(124,176)
Deferred pension plan expense	**73,586**	7,789
Deferred rental charge relating to amortization of free rent	**(19,808)**	(21,264)
(Gain) loss on disposal of capital equipment	**(5,864)**	18,211
Gain on settlement of debt	**–**	(280,154)
Cash flow from operations	**$ 2,372,488**	$ 1,753,658

RESULTS OF OPERATIONS

Consolidated Financial Highlights Consolidated financial results for the year ended 2004 demonstrated the Company's significant growth over the previous year along with the challenges that accompanied this growth. Revenues increased significantly over each of the previous two years, as a result of the Company's focus on growth supported by the high activity levels of the oil and gas sector.

Gross profits in 2004 did not match the previous year's improvement and did not keep pace with the revenue growth. Gross profits as a percentage of sales dropped from 32% in 2003 to 24% in 2004. Although this decrease is significant when compared to 2003, it is less significant when compared to the 27% gross margin in 2002. Gross margin of 32% in 2003 was unusually high due to the strong profitability of certain projects. As well, more than half of the total revenue in 2003 and 2002 came from our engineering divisions which traditionally earn higher gross margins. In 2004, our fabrication and construction divisions produced 56% of the total revenue. These latter divisions typically realize lower margins due to the nature of their work. Under normal circumstances, we would expect consolidated gross margins of approximately 25% to 27%. In 2004, certain fabrication and construction projects did not meet our profitability targets.

Consistent with the growth seen in 2004 and 2003, our office and administrative expenses also increased, by 34% in 2004 and 11% in 2003. In 2002, administrative expenses were 26% of revenue, in 2003 they were 21% and in 2004 they decreased further, to 18%. The largest contributors to increased expenses were salaries, marketing costs, small tools and supplies, and rent for office premises. Interest on long-term debt was reduced by half in 2004, due to the reduction of long-term debt in 2003. Amortization costs increased as a result of increased capital expenditures.

Although net earnings decreased in 2004, cash flow from operations increased by approximately 35%. This was attributable to an increase in certain expenses that reduced income but did not reduce cash flow, namely future tax expense (the utilization of tax losses incurred in previous years), amortization costs, and stock-based compensation expense (the recognition of a cost associated with the granting of stock options to employees and directors).

Summary of Quarterly Results The Company's fourth quarter results did not continue the upward trend begun in 2003. This was due to a seasonal activity level decline in the month of December, as well as lower-than-expected results from the construction and fabrication operations. Office and administrative expenses increased in the fourth quarter due to the startup of the plant maintenance division, costs incurred to relocate the office premises and increased amortization costs due to significant capital purchases made in the fourth quarter. The fourth quarter of 2004 is difficult to compare to the same quarter in 2003 because 2003 fourth quarter results were unusually high. This was due to the following reasons: the usual expected seasonal drop in activity did not occur; the profitability on several projects was much higher than normal; and a $280,000 gain on settlement of debt occurred in November 2003.

CONSOLIDATED FINANCIAL HIGHLIGHTS

($thousands except per share data)	2004	2003	% Change	2003	2002	% Change
Revenue	**39,718**	25,564	55	25,564	18,832	36
Gross profit	**9,504**	8,180	16	8,180	5,023	63
Net earnings (loss)	**1,150**	1,689	(32)	1,689	(390)	533
per share – basic	**0.035**	0.052	(33)	0.052	(0.015)	447
per share – diluted	**0.033**	0.052	(37)	0.052	(0.015)	447
Cash flow	**2,372**	1,754	35	1,754	(108)	1,723
per share	**0.077**	0.057	35	0.057	(0.003)	1,723
Total assets	**16,649**	10,454	59	10,454	8,563	22
Total long-term debt[1]	**840**	783	7	783	1,696	(54)

[1] *Long-term debt includes the portion of bank demand loans not scheduled for payment within the upcoming year, as allowed by the Company's primary lender for purposes of calculating the working capital ratio covenant.*

Growth in activity level has steadily increased over the last two years. The most significant increase in revenue came from the construction division (171%) and from the fabrication shop (59%). The rapid growth in these areas presents challenges that require continual focus in order to manage successfully. The engineering businesses continued to provide consistent growth and stability over the two-year period.

Management is concentrating on improving the profitability of the fabrication and construction divisions by streamlining processes and improving controls to manage the growth of these divisions.

SEGMENTED RESULTS

Gemini Engineering provides engineering services with a focus on the larger and more complex projects. This division continued to show steady, moderate growth and consistent profitability, with a 12% increase in revenue and a 48% increase in earnings compared to 2003. Gross margins improved slightly over 2003 while office and administrative expenses decreased slightly. The decrease in expenses was primarily due to a reduction in amortization costs resulting from the transfer of fixed assets to the parent company, as part of the corporate restructuring.

We expect this division to continue to grow at a rate consistent with previous years. Gemini Engineering entered 2005 with a backlog of approximately 68,000 manhours. (The Company defines backlog as the value of work left to complete on booked orders, expressed in either manhours or dollars.) We anticipate it will carry a comparable backlog, on average, through the year. The biggest challenge will be the ability to attract sufficient qualified personnel to achieve growth targets while maintaining current levels of profitability.

GEM Production Management ("GEM") provides engineering and operations support primarily to the emerging oil and gas producers in Alberta. GEM almost doubled its revenue from the previous year, with most of the increase coming from engineering services, which contributed approximately 80% of the total 2004 revenue. This represented a 200% increase over the previous year. Revenue from contract operations, which provided 20% of the total in 2004, more than doubled over 2003. Gross margins were unchanged from the previous year. Expenses increased by 42% over the previous year, primarily due to an increase in corporate allocations.

GEM entered 2005 with an engineering backlog of approximately 22,000 manhours. This backlog is expected to remain fairly constant for the year. The workload in the contract operations sector should be similiar to 2004. The greatest challenge for this division will be its ability to hire and retain qualified personnel, due to a serious manpower shortage in the industry.

Kinetic Projects provides field construction services to the oil and gas industry as well as the forest products industry. Late in 2004, we started up a plant maintenance division and this was further expanded in early 2005 with the acquisition of Lyle Carey Enterprises Ltd. Kinetic Projects experienced the most significant growth in revenue in 2004 of all the divisions; however, gross margins decreased, due primarily to the challenges encountered during such rapid growth and earnings

SUMMARY OF QUARTERLY RESULTS

				2004				2003
($thousands except per share data)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	**11,098**	**13,825**	**8,647**	**6,148**	7,746	6,450	5,027	6,341
Net earnings (loss)	**(886)**	**1,078**	**510**	**448**	1,286	441	(191)	152
per share – basic	**(0.029)**	**0.034**	**0.016**	**0.014**	0.041	0.014	(0.007)	0.004
per share – diluted	**(0.028)**	**0.032**	**0.015**	**0.013**	0.041	0.014	(0.007)	0.004

decreased from the previous year. There were several reasons for this decline in earnings. The number of full-service contracts was down from the previous year. These projects typically earn a higher margin than other contracts. Secondly, the final costs on three larger projects completed in the fourth quarter of 2004 were higher than expected due to increased labour costs and higher prices paid for materials and consumables. We were unsuccessful in our attempts to negotiate recovery of these costs. Thirdly, administrative costs increased significantly, due primarily to the addition of staff as well as a $160,000 expenditure for small tools and supplies required to outfit additional field crews. Corporate allocations increased during the year as a result of generally increased office and administrative costs. Internal efficiency was negatively impacted due to the physical separation of various departments over the last half of the year; however, this matter was addressed by the office relocation in December.

As a result of the significant growth in 2004 and with expectations for continued growth, management is establishing additional project controls to provide improved monitoring of costs. These steps include the addition of a project analyst for both the construction and fabrication groups which should improve the timeliness of information and provide improved data-capturing at jobsites. We will also place project administration personnel on site to assist with these processes.

As noted earlier, Kinetic Projects is likely to experience significant growth again in 2005. The construction division had $600,000 backlog of work at year end, with much of it repeat work from previous clients. By the end of March 2005 backlog had increased to $3.3 million, based on year-to-date orders of $5.2 million. As the team continues to work together and streamline procedures, we expect margins to return to normal levels. In late December, the Company signed a Letter of Intent to acquire the business of Lyle Carey Enterprises Ltd. based in Fort Saskatchewan, Alberta. This transaction was completed on February 20, 2005. It is expected that this acquisition will account for an increase in revenue of $5 to $6 million in 2005.

GEMINI ENGINEERING

(Engineering) ($thousands)	2004	2003	% Change
Total revenue	**14,331**	12,829	12
Earnings before income taxes	**2,620**	1,776	48

GEM PRODUCTION MANAGEMENT

(Operations and Engineering) ($thousands)	2004	2003	% Change
Total revenue	**5,137**	2,749	87
Earnings before income taxes	**1,012**	419	142

KINETIC PROJECTS

(Construction) ($thousands)	2004	2003	% Change
Total revenue	**13,207**	4,882	171
Earnings before income taxes	**410**	635	(35)

KINETIC PROCESS SYSTEMS

(Fabrication) ($thousands)	2004	2003	% Change
Total revenue	**9,045**	5,674	59
Loss before income taxes	**(1,360)**	(174)	(682)

GENSOLUTIONS

(Environmental Engineering) ($thousands)	2004	2003	% Change
Total revenue	**453**	–	n/a
Loss before income taxes	**(66)**	–	n/a

CONSOLIDATED REVENUES >
($millions)

NET EARNINGS (LOSS) >
($millions)

Kinetic Process Systems provides fabrication services and products to the oil and gas industry, as well as to other industries. Revenue increased, primarily as a result of one major project that involved bringing a new technology into commercial use. Due to the complexity of this project, a substantial amount of resources were needed in the fourth quarter to complete the project. This diverted the focus away from other projects – three of which were completed with lower margins. As a result, a loss was incurred in 2004.

In the longer term, management believes its involvement in the development of this technology will bring benefits. To date, we have seen interest from several clients in this process, which would result in several units being built. Discussions are underway and preliminary budgets are being submitted. We are confident that having built the first unit, many of the technical issues have been resolved and the Company will meet its financial goals in this venture.

The fabrication division also spent a substantial amount of time introducing the helical coil boilers to the market. In addition, costs for development of some biomass activities were incurred. In summary, net results were impacted by lower gross margins and an increase in corporate allocations of $253,000. Bid costs also increased approximately $89,000.

At the end of the year, Kinetic had a backlog of approximately $816,000 compared to $271,000 at the same time last year. During the first ten weeks of 2005, this division has seen a significant increase in opportunities. Year-to-date bookings are $1.6 million, up from $980,000 last year.

We continue to review the strategic plan for Kinetic Process Systems and look for ways to improve this operation to ensure profitability in the future.

GenSolutions commenced operations in late January 2004 to provide environmental engineering consulting services. Although the division showed a loss before taxes, it was profitable before the allocation of corporate costs. Two projects that were already underway were placed on hold, thereby reducing fourth quarter activity. This event was not predictable and the projects could not be replaced before year end.

Opportunities are increasing and backlog was $40,000 at the end of the year. Since year end, we have booked $137,000 of new work. This division continued to develop biomass technology and was awarded the front-end design for an anaerobic digestor facility. The initial study will be complete mid-year and is expected to evolve into a significant project near the end of the year.

Our expectations are that this division will substantially increase its revenue in 2005 and become a solid contributor to the Company.

LIQUIDITY AND CAPITAL RESOURCES

Financial Condition Highlights Gemini Corporation's working capital showed a modest improvement since December 31, 2003, although it decreased in the fourth quarter. This decrease was primarily a result of increased costs and low profit margins on certain construction and fabrication projects.

FINANCIAL CONDITION HIGHLIGHTS

($thousands except ratios)	Dec. 31, 2004	Dec. 31, 2003	Increase	% Change
Working capital[1]	**3,433**	2,766	667	24
Total assets	**16,649**	10,454	6,195	59
Total long-term debt[1]	**840**	783	57	7
Shareholders' equity	**6,498**	5,202	1,296	25
Working capital ratio	**1.4:1**	1.6:1	n/a	n/a
Debt to equity ratio	**1.7:1**	1.1:1	n/a	n/a
Debt service ratio	**1.8:1**	4.7:1	n/a	n/a

[1] *Long- term debt includes the portion of bank demand loans not scheduled for payment within the upcoming year, as allowed by the Company's primary lender for purposes of calculating the working capital ratio covenant.*


EARNINGS (LOSS) PER SHARE >
(dollars)
0.030
(0.015)
0.052
0.035
2001
2002
2003
2004


CASH FLOW PER SHARE >
(dollars)
0.062
(0.003)
0.057
0.077
2001
2002
2003
2004

Ratios, however, are well within bank covenants and are sufficient to sustain the Company's growth.

The Company's cash flow from operations in 2004 increased by $619,000 to $2.4 million, or 7.7 cents per share. This increase in cash flow was primarily a result of the savings realized through the utilization of tax losses from previous years.

At December 31, 2004 the Company had a $5 million credit facility available, of which $3.5 million was being utilized. Early in 2005, the Company renegotiated this credit facility with the bank to a maximum of $8 million subject to meeting certain covenants. Interest is payable on the utilized amount at 1% over prime. There are currently no covenant restrictions on this facility and the maximum amount is available, subject to sufficient Accounts Receivable for margining purposes. We expect to fully utilize this amount in 2005, as construction and fabrication projects require a significant amount of working capital in the initial stages of each project. We are currently in the process of obtaining a bonding facility in order to undertake certain projects. In the absence of a bonding facility, the Company has provided an irrevocable Letter of Credit for $802,000 to guarantee performance on a project. This Letter of Credit reduces the amount of our operating line available for day-to-day operations. As the project progresses, the Letter of Credit is reduced and will expire on May 31, 2005.

In addition to the $8 million line of credit, the Company also negotiated a term facility for $510,000 repayable over 5 years, to finance the acquisition of Lyle Carey Enterprises Ltd. An additional $250,000 will be payable to Lyle Carey Enterprises Ltd. in February of 2006. The Company also has a $500,000 term facility available, repayable over 5 years, for the purchase of capital assets, which we will utilize immediately to refinance assets purchased in the fourth quarter of 2004. This will free up an additional $500,000 for working capital needs.

The Company purchased $1.2 million in capital assets in 2004, primarily for additional software, computers and shop welding equipment. Of this amount, $335,000 was financed through a leasing arrangement and $500,000 will be refinanced through the use of a term facility as discussed above. We anticipate that we will require approximately $1 million in 2005 in order to upgrade our Ponoka shop as well as to purchase computers and office equipment throughout the Company for the expected increase in staff.

The Company still has approximately $1.5 million in non-capital losses for tax purposes that are available for use over the next two to three years, which should result in cash savings of approximately $500,000.

The Company is in arrears on the payment of undeclared dividends on the Cumulative Preferred Shares paying a 6.6% dividend. The majority of the preferred shares are held by the company's CEO and will be paid when the Board of Directors determines it is appropriate to do so. The amount in arrears at December 31, 2004 was $384,000. The Board of Directors will review this matter again in 2005.

Contractual obligations are summarized below.

CONTRACTUAL OBLIGATIONS

($thousands)	Total	2005	2006	2007	2008	2009	Thereafter
Bank demand loans	$ 680	$ 80	$ 60	$ 60	$ 60	$ 60	$ 360
Capital lease obligations	352	156	116	80	–	–	–
Pension plan liability	84	14	14	14	14	14	14
Operating leases	6,574	1,513	1,407	1,335	1,202	1,117	–
	$ 7,690	$ 1,763	$ 1,597	$ 1,489	$ 1,276	$ 1,191	$ 374

RELATED PARTY TRANSACTIONS

The Company had no related party transactions to report in 2004.

FINANCIAL INSTRUMENTS

The Company holds various forms of financial instruments comprised of cash, accounts receivable, accounts payable, bank indebtedness and bank demand loans. The Company's operations expose the Company to interest rate risk and industrial credit risks. The Company manages this risk by operating in a manner that minimizes exposure to the extent practical.

a) Fair values The fair values of the Company's current financial instruments do not differ significantly from their carrying values due to their short-term maturities. The fair value of the Company's bank demand loans approximates its carrying value as the majority of bank demand loans bear interest at rates that vary with the prime rate.

b) Credit risk A significant portion of the Company's trade accounts receivable are from the resource industry and as such, Gemini Corporation is exposed to all the risks associated with that industry. However, the majority of these receivables are from large clients whose credit-worthiness is excellent, thereby reducing the credit risk substantially.

c) Interest rate risk management The Company's short- and long-term borrowings are subject to floating interest rates. The floating rate debt is subject to interest rate cash flow risk, as the required cash flows to service the debt will fluctuate as a result of changes in market rates. As at December 31, 2004, the increase or decrease in net earnings before taxes for each 1% change in interest rates on floating debt amounts to approximately $6,800 (2003 – $7,600).

BUSINESS RISKS & CRITICAL SUCCESS FACTORS

Cyclical Nature The majority of Gemini's business is in the oil and gas industry, and as a result, the cyclical nature of this industry becomes an inherent risk factor in the business of Gemini. The fluctuating commodity prices of both oil and natural gas affect the cash flows of clients, which in turn affect the service providers. The Company's revenues and operating results may be subject to material fluctuations on a quarterly or annual basis because of these factors.

Diversification Into Other Industries In order to reduce the risk inherent in the oil and gas industry, one of the Company's goals has been to diversify into other related industries. We have made progress towards realization of this goal through the establishment of our environmental engineering division, GenSolutions. It continues to pursue opportunities in industrial and municipal waste treatment as well as biomass handling. Our construction division has obtained some projects in the forest products industry and our fabrication division has expanded into other engineered projects involving sulphur technology and helical coil boilers. In 2004, the Company completed the first commercial sulphur recovery plant. Based on recent inquiries it is expected that industry interest will increase. Likewise, there is an increased interest in the helical coil once-through steam generators.

Human Resources One of Gemini's key performance drivers is its ability to attract and retain employees. This can also be

viewed as a risk and an area of uncertainty because we cannot always be assured of the continued availability of qualified personnel. We do our best to mitigate this risk by offering a number of employment incentives, including training, employee share ownership, competitive compensation and benefits packages along with a positive corporate culture that we believe is attractive to our employees.

Client Mergers and Acquisitions The risk and uncertainty from mergers among prominent energy companies has lessened somewhat over the last two years. However, this threat continues to exist among the emerging companies who play a significant role in our business. In order to minimize this risk, we continue to take steps to add new clients and thereby broaden our client base. We added 24 new clients in 2004.

Financial Resources and Ability to Raise Capital Over the past two years, we have made good progress in increasing our working capital and financing capabilities. As a result, the risk to the Company in this area has been substantially reduced. The Company's share price has also increased in the past year which should provide easier access to the financial market in order to raise capital when it is deemed necessary. Due to the cyclical nature of our business, however, having sufficient financial resources to sustain the organization and its growth will always provide an element of risk to the Company's business. As well, rapid or uncontrolled growth poses a potential risk to the Company. We are taking steps to ensure that this growth is managed successfully, through the addition of manpower and financial resources, as well as the implementation of enhanced internal controls and procedures.

CRITICAL ACCOUNTING ESTIMATES

The Company's significant accounting policies are described in Note 2 to the consolidated financial statements. The preparation of these statements requires the use of estimates and judgments that affect the reported revenues and expenses, assets, liabilities, and shareholders' equity. These estimates and judgments are based on historical experience and various assumptions, which management believes to be reasonable in the circumstances. Future events cannot be anticipated with certainty and as such, these estimates and assumptions may change as additional evidence is gathered, new circumstances arise and as the Company's operating environment changes.

The accounting estimates believed to be the most difficult to determine and which have the most impact on the Company's results of operations and financial position are as follows:

Revenue Recognition Gemini's fabrication division and construction division apply the percentage of completion method of revenue recognition to determine periodic revenue allocations for projects in progress at the end of each month. These projects are generally not more than six months in length. This methodology requires the use of estimates, based on the historical knowledge and experience of the Company, the specific circumstances of the project, and the anticipation

of future events in order to determine various factors. These include the stage of project completion, future costs to be incurred in the completion of the project, and an estimate of the final gross margin to be earned. These estimates are continually evaluated and may change based upon significant or unanticipated changes in future events; the cost and availability of labour; the cost, availability and timing of delivery of materials or components; and the occurrence of unexpected difficulties in the construction or fabrication process. At the end of each month Gemini reviews each of the projects in progress and evaluates the reasonableness of each estimate made. A gross margin analysis is prepared to ensure that the appropriate revenues and costs are being recorded over the course of the project.

Stock-Based Compensation In 2003, the Company adopted the provisions for accounting for stock-based compensation awards granted to employees and directors. The determination of the stock-based compensation expense for stock options requires the use of estimates and assumptions based on market conditions. Changes in these estimates and future events could alter the determination of the provision for such compensation. Details concerning the assumptions used are shown in the notes to the financial statements.

OUTLOOK

We believe that the Company will continue to see growth and new opportunities in 2005 through the addition of the plant maintenance operation, the continuing success of our engineering groups, and growth in our fabrication and construction activities. Because our primary market is the oil and gas sector, much of our forward planning is based on the strength of this industry. Based on certain assumptions, including continued high commodity prices, drilling activity and capital spending, we are planning for a 15% to 25% increase in revenue for 2005.

Gemini continues to work towards becoming the premier provider of engineered solutions. The ability to realize this vision depends on our ability to attract, retain and train skilled and service-focused employees. To achieve this, we continue to focus on providing a positive corporate culture throughout the organization.

The outlook for the oil and gas industry remains very positive and much of our growth will come from this sector. Gemini continues to allocate a portion of its resources to pursue long-term opportunities such as waste management, biomass processing, renewable energy as well as new products, and as these opportunities become available and viable, we will develop them.

Management's Responsibility for Financial Information

To the Shareholders of Gemini Corporation

The accompanying consolidated financial statements and all information in the Annual Report have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Corporation. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada and, where appropriate, reflect management's best estimates and judgments. Management is responsible for the accuracy, integrity and objectivity of the consolidated financial statements within reasonable limits of materiality.

To assist management in the discharge of these responsibilities, the Company maintains a system of internal controls designed to provide reasonable assurance that accounting records are reliable and assets are safeguarded.

The Audit Committee is appointed by the Board of Directors. The Audit Committee meets with management, as well as with the external auditors, to satisfy itself that management is properly discharging its financial reporting responsibilities and to review the consolidated financial statements and the auditors' report. The Audit Committee reports its findings to the Board of Directors for consideration in approving the consolidated annual financial statements for presentation to the shareholders. The external auditors have direct access to the Audit Committee of the Board of Directors.

The consolidated financial statements have been audited independently by Grant Thornton LLP on behalf of the shareholders, in accordance with Canadian generally accepted auditing standards. Their report outlines the nature of their audit and expresses their opinion on the consolidated financial statements of the Company.

Carl Johnson
President & Chief Executive Officer

Marlene Quiring
Vice President & Controller

Auditors' Report

To the Shareholders of Gemini Corporation

We have audited the consolidated balance sheet of Gemini Corporation as at December 31, 2004 and the consolidated statements of earnings and retained earnings and cash flows for the year then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2004 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The consolidated financial statements as at December 31, 2003 and for the year then ended were audited by another firm of Chartered Accountants who expressed an unqualified opinion on these statements in their report dated February 24, 2004.

Grant Thornton LLP

Chartered Accountants

Calgary, Alberta
March 1, 2005

Consolidated Balance Sheets

December 31	2004	2003
ASSETS		
Current		
Cash	$ –	$ 219,582
Accounts receivable	9,717,172	5,681,777
Work in progress	2,572,819	462,149
Inventory	71,585	34,251
Future income taxes (Note 11)	170,426	714,027
Prepaids	212,337	114,565
Current portion of deferred pension plan costs	–	8,373
	12,744,339	7,234,724
Capital assets (Note 3)	3,226,500	2,496,999
Deferred expenses (Note 4)	87,960	43,611
Deferred pension plan costs (Note 5)	–	65,213
Future income taxes (Note 11)	590,206	613,053
	$ 16,649,005	$ 10,453,600
LIABILITIES		
Current		
Bank indebtedness (Note 6)	$ 3,479,193	$ 1,228,961
Accounts payable	5,604,918	2,014,228
Unearned revenue	273	75,794
Income taxes payable	109	865,987
Deferred rental charges (Note 7)	1,448	81,225
Bank demand loans (Note 8)	679,984	759,988
Current portion of pension plan liability (Note 5)	9,002	16,163
Current portion of capital lease obligations (Note 9)	136,454	106,364
	9,911,381	5,148,710
Pension plan liability (Note 5)	56,211	65,213
Capital lease obligations (Note 9)	183,770	38,005
	10,151,362	5,251,928
SHAREHOLDERS' EQUITY		
Capital stock (Note 10)	4,784,910	4,744,964
Contributed surplus (Note 10)	132,184	25,931
Retained earnings	1,580,549	430,777
	6,497,643	5,201,672
	$ 16,649,005	$ 10,453,600

Commitments (Note 15)

On behalf of the Board

Carl Johnson
Director

Roy Barr
Director

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Earnings and Retained Earnings

Year Ended December 31	2004	2003
Revenue	$ 39,718,208	$ 25,564,086
Direct costs	30,213,711	17,384,312
Gross profit	9,504,497	8,179,774
Expenses		
Office and administration	7,216,508	5,389,114
Amortization	502,102	438,470
Interest on long-term debt	64,840	132,937
	7,783,450	5,960,521
Gain on settlement of debt	–	280,154
Earnings before income taxes	1,721,047	2,499,407
Income tax expense (recovery) (Note 11)		
Current	4,827	934,732
Future	566,448	(124,176)
	571,275	810,556
Net earnings	$ 1,149,772	$ 1,688,851
Earnings per share (Note 12)		
Basic	$ 0.035	$ 0.052
Diluted	$ 0.033	$ 0.052
Weighted average number of common shares	30,932,217	30,793,436
Retained earnings (deficit), beginning of year	$ 430,777	$ (1,258,074)
Net earnings	1,149,772	1,688,851
Retained earnings, end of year	$ 1,580,549	$ 430,777

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

Year Ended December 31	2004	2003
Increase (decrease) in cash		
OPERATING ACTIVITIES		
Net earnings	**$ 1,149,772**	$ 1,688,851
Add back non-cash items		
Amortization	**502,102**	438,470
Stock-based compensation expense	**106,252**	25,931
Future income tax expense (recovery)	**566,448**	(124,176)
Deferred pension plan expense	**73,586**	7,789
Deferred rental charge relating to amortization of free rent	**(19,808)**	(21,264)
(Gain) loss on disposal of capital equipment	**(5,864)**	18,211
Gain on settlement of debt	**–**	(280,154)
	2,372,488	1,753,658
Changes to working capital balances related to operating activities (Note 13)	**(3,631,880)**	(970,010)
Cash (used in) provided by operations	**(1,259,392)**	783,648
FINANCING ACTIVITIES		
Increase (decrease) in revolving line of credit	**2,250,232**	(611,800)
Repayment of bank demand loans	**(80,004)**	(455,000)
Increase in long-term debt	**–**	52,032
Repayment of long-term debt	**–**	(400,000)
Repayment of capital lease obligations	**(159,547)**	(124,975)
Reduction of deferred rent relating to leasehold improvements	**(59,970)**	(59,958)
(Decrease) increase in pension plan liability	**(16,163)**	81,376
Increase in deferred expenses	**(44,349)**	–
Proceeds on issue of common shares	**39,946**	–
Cash provided by (used in) financing activities	**1,930,145**	(1,518,325)
INVESTING ACTIVITIES		
Acquisition of capital assets	**(915,288)**	(173,752)
Proceeds on disposal of capital assets	**24,953**	1,069,680
Increase in deferred pension plan costs	**–**	(81,376)
Cash (used in) provided by investing activities	**(890,335)**	814,552
Change in cash	**(219,582)**	79,875
Cash,		
Beginning of year	**219,582**	139,707
End of year	**$ –**	$ 219,582

See accompanying notes to the consolidated financial statements.

NOTE 1 > Nature of operations and basis of presentation

These consolidated financial statements include the accounts of the Company and those of its wholly-owned subsidiaries. On January 1, 2004 the Company completed a corporate restructuring, and Gemini Engineering Inc., Kinetic Projects Ltd. and Vector Power and Automation Ltd. were amalgamated into Gemini Ventures Ltd. Gemini Corporation now operates as limited partnerships, under five wholly-owned subsidiaries, namely Gemini Engineering Limited, GEM Production Management Ltd., Kinetic Process Systems Ltd., Kinetic Projects Inc., and GenSolutions Ltd.

- Gemini Engineering provides project management, engineering and construction management to clients in Canada and internationally, with a focus on larger clients and projects.
- GEM Production Management provides engineering services in addition to field operations support to emerging producers.
- Kinetic Process Systems provides custom fabrication services, as part of construction or on a stand-alone basis.
- Kinetic Projects provides full service construction which includes project management, engineering and construction.
- GenSolutions began operations in late January to provide environmental engineering consulting services.

NOTE 2 > Significant accounting policies

The financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

a) Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is recorded using the declining balance method with the following annual amortization rates:

Computer equipment	30%
Field equipment	20%
Office and shop equipment	20%
Building	4%
Land improvements	4%
Leasehold improvements are amortized straight-line over 4 years	

b) Income taxes

The Company follows the liability method to account for income taxes. The liability method requires that income taxes reflect the future tax consequences of temporary differences between the carrying amounts of assets or liabilities and their tax basis. Future income tax assets and liabilities are determined for each temporary difference based on the tax rates that will be in effect when the asset is realized or the liability settled. The effect of a change in tax rates on future tax assets and liabilities is recognized in net income in the period in which the change occurs.

c) Revenue recognition

The Company uses the percentage-of-completion method to account for revenue earned on construction and fabrication projects. For all other services, revenue is recognized at the time the services are provided.

d) Work in progress

Work in progress is carried at estimated billing value. Depending upon the terms of the contract, billing value has been calculated based on management's estimate of the percentage of completion or direct hours worked along with estimated gross margin expected on the project.

e) Stock-based compensation

Pursuant to the recommendations of the CICA Handbook Section 3870, the Company has adopted the provisions for accounting for stock-based compensation awards granted to employees, whereby compensation expense is recognized for stock options granted to employees and directors. All stock-based compensation awards are approved by the board of directors and have a maximum term of five years with one-third vesting immediately, one-third vesting on the first anniversary date and one-third vesting on the second anniversary date. Those issued to directors vest immediately. The Company follows the Black-Scholes model for options valuation.

The Company records compensation expense and contributed surplus based on fair values when options are granted to employees and directors. Any consideration paid by employees on the exercise of the options plus the attributable contributed surplus is credited to share capital. Any modifications to the options are revalued based on the fair value at that time.

f) Earnings per share

Basic earnings per share are computed by dividing earnings from operations by the weighted average number of common shares outstanding for the period. Diluted earnings per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted into common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments.

g) Leases

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incident to the ownership of property is classified as a capital lease. All other leases are accounted for as operating leases whereby lease payments are expensed as incurred. Assets recorded under capital leases are amortized on the same basis as similar assets owned by the Company.

h) Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

NOTE 3 > Capital assets

2004	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 848,546	$ 217,536	$ 631,010
Computer equipment – capital lease	551,939	219,773	332,166
Field equipment	128,457	22,547	105,910
Field equipment – capital lease	31,645	3,164	28,481
Office equipment	418,494	62,145	356,349
Office equipment – capital lease	34,683	3,468	31,215
Shop equipment	305,206	44,155	261,051
Building	1,172,323	46,893	1,125,430
Leasehold improvements	256,934	252,694	4,240
	3,748,227	872,375	2,875,852
Land and improvements	351,753	1,105	350,648
	$ 4,099,980	$ 873,480	$ 3,226,500

2003	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 685,870	$ 361,273	$ 324,597
Computer equipment – capital lease	328,706	125,877	202,829
Field equipment	289,169	192,169	97,000
Field equipment – capital lease	–	–	–
Office equipment	258,235	109,404	148,831
Office equipment – capital lease	–	–	–
Shop equipment	270,825	134,490	136,335
Building	1,477,691	305,368	1,172,323
Leasehold improvements	252,362	189,031	63,331
	3,562,858	1,417,612	2,145,246
Land and improvements	358,936	7,183	351,753
	$ 3,921,794	$ 1,424,795	$ 2,496,999

NOTE 4 > Deferred expenses

Certain expenses, including rent and long-term leases for office equipment, have been prepaid, the benefit of which will extend beyond the next twelve months.

NOTE 5 > Pension plan

The Company contributes to a defined benefit individual pension plan on behalf of the Company's president. Amounts noted below are based on an actuarial valuation prepared early in 2003 with the next actuarial valuation scheduled to occur in early 2006.

	2004	2003
CHANGE IN ACCRUED BENEFIT OBLIGATION		
Accrued benefit obligation – beginning of year	$ 308,195	$ 265,249
Employer current service costs	23,739	22,083
Employee contributions	–	–
Interest cost on accrued benefit obligation	24,208	20,863
Actuarial loss	–	–
Benefits paid	–	–
Accrued benefit obligation – end of year	$ 356,142	$ 308,195
CHANGE IN PLAN ASSETS		
Fair value of plan assets – beginning of year	$ 206,972	$ 183,873
Employer contributions[1]	74,537	–
Employee contributions	–	–
Benefits paid	–	–
Actual return on plan assets	23,241	23,099
Fair value of plan assets – end of year	$ 304,750	$ 206,972
RECONCILIATION OF FUNDED STATUS		
Plan deficit	$ (81,376)	$ (81,376)
Employer contributions after measurement date	16,163	–
Unfunded amount	$ (65,213)	$ (81,376)
RECONCILIATION OF ACCRUED BENEFIT ASSET		
Accrued benefit asset – beginning of year	$ 81,376	$ 103,459
Employer contributions	74,537	–
Pension expense	(23,739)	(22,083)
Accrued benefit asset- end of year	$ 132,174	$ 81,376
COMPONENTS OF EXPENSE		
Employer current service cost	$ 23,739	$ 22,083
Interest cost on accrued benefit obligation	24,208	20,863
Expected return on plan assets	(24,208)	(20,863)
Amortization of net actuarial loss	–	–
Net pension expense	$ 23,739	$ 22,083

[1] *Note that the contributions in 2004 relate to the 2003 and 2004 periods.*

	2004	2003
WEIGHTED AVERAGE ASSUMPTIONS		
At beginning of year		
Discount rate	7.50%	7.50%
Rate of compensation increase	5.50%	5.50%
Expected rate of return on plan assets	7.50%	7.50%
Expected average remaining service lifetime	6 years	7 years
At end of year		
Discount rate	7.50%	7.50%
Rate of compensation increase	5.50%	5.50%
Expected average remaining service lifetime	6 years	7 years

NOTE 6 > Bank indebtedness

At December 31, 2004, the Company had a revolving demand operating credit facility, to a maximum of $5,000,000, subject to meeting certain bank covenants. The line of credit bears interest at prime plus 1% per annum, and is secured by a general security agreement over all present and future acquired assets, a general assignment of book debts and cross guarantees in the amount of $6,457,000 between the Company and each of its subsidiaries. At December 31, 2004 the maximum amount under this facility was available (December 31, 2003 – $3,000,000). An additional facility of $500,000, repayable over five years, was made available for the purchase of capital assets. This facility had not been utilized at December 31, 2004.

Subsequent to December 31, 2004, the Company obtained an increase to its credit facilities with the bank, for a revolving demand operating loan of $8,000,000 subject to certain bank covenants, plus an additional term facility of $510,000 repayable over 5 years, to finance the acquisition of Lyle Carey Enterprises Ltd. assets. These increased facilities bear the same interest rates and security as previously held with the exception of the cross guarantees which increased to $9,740,000 between the Company and its subsidiaries. A General Security Agreement, subordinated to the bank, was provided to Lyle Carey Enterprises Ltd., as security for the $250,000 cash payment due in February 2006. The General Security Agreement is limited to $250,000 and is secured only by the assets purchased in the Lyle Carey Enterprises Ltd. acquisition.

NOTE 7 > Deferred rental charges

The Company entered into a one-year lease for office space on the Edmonton location, effective April 1, 2004. The lease allowed for rent-free early occupancy during the months of February and March, the benefit of which has been deferred and is being amortized over the life of the lease in monthly amounts of $483.

NOTE 8 > Bank demand loans

Pursuant to the recommendation of the Canadian Institute of Chartered Accountants Emerging Issues Committee EIC-122, which requires that certain obligations with demand repayment terms be classified as a current liability, the Company classifies the following debt as a current liability.

The Company's primary lender has provided Gemini Corporation with a letter which states that, for purposes of calculating the working capital ratio covenant, only the principal payments due within one year going forward will be treated as a current liability.

	2004	2003
Non-revolving reducing demand credit facility repayable in monthly instalments of $1,667 plus interest at prime plus 1.25% per annum, secured by a general security agreement on current and future assets, maturing in December, 2005.	$ 19,984	$ 39,988
Non-revolving reducing demand credit facility, repayable in monthly instalments of $5,000 plus interest at prime plus 1.25% per annum, secured by a mortgage on land and building with a carrying value of $1,476,078 (2003 – $1,524,076), maturing in December, 2015.	660,000	720,000
	$ 679,984	$ 759,988

Principal repayments required for each of the next five years are as follows:

2005	$ 79,984
2006	60,000
2007	60,000
2008	60,000
2009	60,000
Thereafter	360,000
	$ 679,984

NOTE 9 > Capital lease obligations

	2004	2003
Capital lease obligation payable in blended monthly instalments of $9,645 including interest at 9.9% per annum, secured by equipment with a carrying value of $122,069 (2003 – $178,665), maturing in April 2005.	$ 38,006	$ 144,369
Capital lease obligation payable in blended monthly instalments of $3,182 including interest at 10.8% per annum, secured by equipment with a carrying value of $84,788 (2003 – $Nil), maturing in April 2007.	78,644	–
Capital lease obligation payable in blended monthly instalments of $1,254 including interest at 4.7% per annum, secured by equipment with a carrying value of $35,810 (2003 – $Nil), maturing in September 2007.	38,768	–
Capital lease obligation payable in blended monthly instalments of $1,179 including interest at 18.7% per annum, secured by equipment with a carrying value of $28,481 (2003 – $Nil), maturing in November, 2006.	22,790	–
Capital lease obligation payable in blended monthly' instalments of $4,189 including interest at 6.1% per annum, secured by equipment with a carrying value of $120,714 (2003 – $Nil), maturing in December, 2007	142,016	–
	320,224	144,369
Less current portion	(136,454)	(106,364)
	$ 183,770	$ 38,005

Minimum lease payments required for each of the next three years are as follows:

2005	$ 156,429
2006	116,469
2007	79,582
	352,480
Less amount representing imputed interest	(32,256)
Balance of lease obligation	$ 320,224

NOTE 10 > Capital stock

a) Authorized:

Unlimited number of voting common shares

Unlimited number of non-voting preferred shares, issuable in series.

These preferred shares could be issued in one or more series.

The directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges and conditions attached to the shares of each series.

b) Issued and outstanding:

	2004		2003	
	Common Shares	Amount	Common Shares	Amount
Balance, beginning of year	**30,793,436**	**$ 3,503,412**	30,793,436	$ 3,503,412
Stock options exercised	**252,325**	**39,946**	–	–
Balance, end of year	**31,045,761**	**$ 3,543,358**	30,793,436	$ 3,503,412
	Preferred Shares	Amount	Preferred Shares	Amount
Balance, beginning and end of year	**1,241,552**	**1,241,552**	1,241,552	1,241,552
Total share capital		**$ 4,784,910**		$ 4,744,964

i) During the year ended December 31, 2004, the following options were exercised, resulting in the issue of 252,325 common shares.

Grant date	Options Exercised	Exercise Price
November 21, 2000	154,500	$ 0.17
August 15, 2001	25,500	0.17
November 22, 2002	33,333	0.14
March 27, 2003	38,992	0.12
	252,325	

ii) Pursuant to a decision made by the Board of Directors of Gemini Corporation not to further extend the expiry dates of the Class B warrants of the company, warrants issued on February 28, 2000, entitling the holders to acquire up to 218,000 shares at $0.40 per share, were allowed to expire on February 28, 2004.

iii) The 6.6% cumulative redeemable preferred shares, Series 1, are non-voting and redeemable at the option of the company at $1.00 per share.

c) Reserved for issue

During the year ended December 31, 2004, options were granted to employees as follows:

Grant date	Options Granted	Exercise Price
January 19, 2004	100,000	$ 0.15
May 26, 2004	150,000	0.42
September 1, 2004	90,000	0.53
November 26, 2004	180,000	0.67
	520,000	

These options vested one-third immediately and the remainder at one-third per year on each of the next two anniversary dates.

At December 31, 2004, the company had unexercised options to the directors and employees as follows:

Issue date	Exercise Price per Share	Number of Options	Expiration Date
November 21, 2000	$ 0.17	1,236,500	November 21, 2005
March 1, 2001	0.17	200,000	March 1, 2006
May 1, 2001	0.17	25,000	May 1, 2006
August 15. 2001	0.17	20,000	August 15, 2006
October 2, 2001	0.17	25,000	October 2, 2006
November 22, 2001	0.17	200,000	November 22, 2006
March 28, 2002	0.23	25,000	March 28, 2007
November 22, 2002	0.14	66,667	November 22, 2007
March 27, 2003	0.12	208,004	March 27, 2008
December 18, 2003	0.14	130,000	December 18, 2008
January 19, 2004	0.15	100,000	January 19, 2009
May 26, 2004	0.42	150,000	May 26, 2009
September 1, 2004	0.53	90,000	September 1, 2009
November 26, 2004	0.67	180,000	November 26, 2009
		2,656,171	

During the year, compensation expenses of $106,252 (2003 – $25,931) were recorded based on fair values at the option grant dates of stock-based compensation awards. As well, corresponding amounts were credited to contributed surplus. No amounts were credited to capital stock in the period as a result of stock-based compensation awards.

The fair value of the share options granted was determined using the Black-Scholes option pricing model with the following weighted average assumptions:

	2004	2003
Risk-free interest rate	**3.76% to 3.98%**	3.89%
Term	**5 years**	5 years
Expected volatility in the market prices	**85%**	115%
Expected dividend yield	**Nil**	Nil

If all outstanding stock options had been exercised, a total of 33,701,932 shares would have been outstanding.

d) Dividends in arrears

At December 31, 2004, the Company was in arrears on the payment of undeclared dividends on the Series 1 cumulative preferred shares in the amount of $384,542 (2003 – $302,599).

NOTE 11 > Income taxes

The actual income tax provision differs from the expected amount calculated by applying the Canadian combined federal and provincial corporate income tax rate to earnings before income taxes. The major components of these differences are explained as follows:

	2004	2003
Earnings before income taxes	$ 1,721,047	$ 2,499,407
Corporate income tax rate	33.87%	36.74%
Expected income tax expense	582,919	918,282
Increase (decrease) in income taxes from:		
Change in statutory tax rates	33,234	98,132
Non-deductible expenses	68,943	85,305
Other	(113,821)	(291,163)
Income tax expense	$ 571,275	$ 810,556

The components of future income tax assets are as follows:

	2004	2003
Net operating losses carried forward	$ 494,690	$ 1,052,005
Tax base vs. net book value of depreciable assets	89,269	83,552
Tax benefit of cumulative eligible capital	165,066	182,050
Tax benefit of share issue costs	–	3,493
Tax benefit of financing costs	11,607	5,980
	$ 760,632	$ 1,327,080

The Company has incurred capital losses for income tax purposes of $2,019,756, the related benefit of which has not been reflected in these financial statements. These losses can be carried forward indefinitely to be used against future capital gains.

The Company has incurred non-capital losses for income tax purposes of approximately $1,460,555, the benefit of which has been recorded in these financial statements.

NOTE 12 > Earnings per common share

	2004				2003			
	Net Income	Weighted Average Shares Outstanding		Per Share	Net Income	Weighted Average Shares Outstanding		Per Share
Earnings for the Period	$ 1,149,772				$ 1,688,851			
Undeclared dividends in arrears on Cumulative Preferred Shares	(81,942)				(81,942)			
Adjusted Earnings for the Period	$ 1,067,830				$ 1,606,909			
Basic	$ 1,067,830	30,932,217	$	0.035	$ 1,606,909	30,793,436	$	0.052
Effect of stock options and other dilutive securities		1,595,726				–		
Diluted [1]	$ 1,067,830	32,527,943	$	0.033	$ 1,606,909	30,793,436	$	0.052

[1] *When the market price of shares is lower than the exercise price of the options, the effect of including common shares in the computation of the diluted per share amount is always anti-dilutive.*

NOTE 13 > Supplementary cash flow information

	2004	2003
CHANGES IN NON-CASH WORKING CAPITAL		
Accounts receivable	$(4,035,395)	$(2,640,314)
Work in progress	(2,110,670)	(238,668)
Inventory	(37,334)	(34,251)
Prepaids	(97,772)	(23,640)
Accounts payable	3,590,690	1,097,274
Unearned revenue	(75,521)	75,794
Income taxes payable	(865,878)	793,795
	$(3,631,880)	$ (970,010)

Selected cash flow information:

Bank indebtedness and borrowings are treated as a financing activity by the Company.

The Company acquired capital assets of $335,402 by way of capital lease.

	2004	2003
Interest paid	$ 176,755	$ 233,980
Income taxes paid	$ 817,561	$ 173,275

NOTE 14 > Related party transactions

The Company had no related party transactions to report for the year ended December 31, 2004.

NOTE 15 > Commitments

The company is committed to the following minimum lease payments related to operating leases for premises, vehicles and office equipment:

2005	$ 1,512,644
2006	1,406,880
2007	1,334,982
2008	1,201,532
2009	1,117,197
	$ 6,573,235

NOTE 16 > Segmented Information

The Company operates in five reportable segments, each offering different products and services. They are components of the Company for which separate financial information is available that is evaluated regularly by the chief operating decision maker in allocating resources and assessing performance. These operating segments are Gemini Engineering, GEM Production Management, Kinetic Process Systems, Kinetic Projects and GenSolutions. The chief operating decision maker of the entities is the Chief Executive of the Company.

2004	Gemini Engineering	GEM Production Management	Kinetic Process Systems	Kinetic Projects	Corporate and Other	Inter-company Adjustments	Totals
Segment revenues	**14,331,333**	**5,137,268**	**9,044,806**	**13,207,433**	**4,170,016**	**(6,172,648)**	**39,718,208**
Inter-segment revenues	**(1,293,369)**	**(464,152)**	**(644,869)**	**(5,956)**	**(3,764,302)**	**6,172,648**	**–**
External revenues	**13,037,964**	**4,673,116**	**8,399,937**	**13,201,477**	**405,714**	**–**	**39,718,208**
Interest revenue	**26,342**	**6,127**	**5,447**	**12,264**	**63,635**	**(100,179)**	**13,636**
Interest expense	**827**	**345**	**12,867**	**15,029**	**247,866**	**(100,179)**	**176,755**
Depreciation and amortization	**–**	**–**	**614**	**–**	**501,488**	**–**	**502,102**
Segment profit (loss) before income taxes	**2,620,059**	**1,012,357**	**(1,360,479)**	**409,800**	**1,655,077**	**(2,615,767)**	**1,721,047**
Future income taxes	**–**	**–**	**–**	**–**	**566,448**	**–**	**566,448**
Segment assets	**2,692,804**	**1,253,764**	**3,529,620**	**4,205,114**	**9,503,203**	**(4,535,500)**	**16,649,005**
Capital expenditures	**–**	**–**	**6,135**	**–**	**1,244,555**	**–**	**1,250,690**

2003	Gemini Engineering	GEM Production Management	Kinetic Process Systems	Kinetic Projects	Corporate and Other	Inter-company Adjustments	Totals
Segment revenues	12,829,264	2,748,587	5,674,358	4,881,648	2,748,864	(3,318,635)	25,564,086
Inter-segment revenues	(561,977)	–	(7,794)	–	(2,748,864)	3,318,635	–
External revenues	12,267,287	2,748,587	5,666,564	4,881,648	–	–	25,564,086
Interest revenue	5,104	35	904	904	27,337	(34,259)	25
Interest expense	33,601	17,423	103,086	51,118	63,011	(34,259)	233,980
Depreciation and amortization	94,686	43,225	88,618	14,520	197,421	–	438,470
Segment profit (loss) before income taxes	1,776,481	419,000	(174,072)	634,806	(156,808)	–	2,499,407
Future income taxes	(163,053)	–	189,473	(150,596)	–		(124,176)
Segment assets	–	–	–	–	10,590,430	(136,830)	10,453,600
Capital expenditures (disposals)	–	–	–	–	(867,499)	–	(867,499)

The comparative information at December 31, 2003 has been restated for those items that it has been practicable to do so. Prior to January 1, 2004, the operations of Gemini Engineering and GEM Production Management were previously reported in Gemini Engineering, Inc., while the operations of both Kinetic Process Systems and Kinetic Projects were reported in Kinetic Projects Ltd. The operations of GenSolutions has been combined with the "Corporate and Other" segment. Because segment assets and capital expenditures were previously recorded in only two segments, Gemini Engineering Inc. and Kinetic Projects Ltd., they were not easily restated, and have been reported in the "Corporate and Other" segment.

NOTE 17 > Subsequent events

Subsequent to December 31, 2004, the Company acquired certain of the assets, and the right to continue with the business of Lyle Carey Enterprises Ltd., for an aggregate purchase price of $1,510,000 comprised of $510,000 in cash, a further $250,000 in cash payable on February 20, 2006, and the issuance of 757,576 common shares of Gemini Corporation at a deemed price of $0.99 per share. For accounting purposes, this transaction will be valued at $1,441,818 based on the fair value of the shares at that date.

NOTE 18 > Financial instruments

The Company holds various forms of financial instruments comprised of cash, accounts receivable, accounts payable, bank indebtedness and bank demand loans. The Company's operations expose the Company to interest rate risk and industrial credit risks. The Company manages its exposure to this risk by operating in a manner that minimizes its exposures to the extent practical.

a) Fair values

The fair values of the Company's current financial instruments do not differ significantly from their carrying values due to their short-term maturities. The fair value of the Company's bank demand loans approximates its carrying value as the majority of bank demand loans bear interest at rates that vary with the prime rate.

b) Credit risk

A significant portion of the Company's trade accounts receivable are from the resource industry and as such, Gemini Corporation is exposed to all the risks associated with that industry. However, the majority of these receivables are from large clients whose credit-worthiness is excellent, thereby reducing the credit risk substantially.

c) Interest rate risk management

The Company's short and long-term borrowings are subject to floating rates. The floating rate debt is subject to interest rate cash flow risk, as the required cash flows to service the debt will fluctuate as a result of changes in market rates.

As at December 31, 2004, the increase or decrease in net earnings before taxes for each 1% change in interest rates on floating debt amounts to approximately $6,800 (2003 – $7,600).

NOTE 19 > Significant business volume

In 2004, four of the Company's customers accounted for 61% of the total consolidated revenues of the Company as follows:

Amount	Segments Reporting the Revenues
1. $10,930,800	Gemini Engineering, GEM Production Management, Kinetic Projects
2. $ 4,619,292	Gemini Engineering
3. $ 4,381,572	Kinetic Process Systems
4. $ 4,250,252	Kinetic Process Systems, Kinetic Projects

Corporate Information

BOARD OF DIRECTORS

Carl D. W. Johnson
President & C.E.O.
Gemini Corporation
Calgary, Alberta

Roy Barr [1, 2]
President
Gage Financial Consultants Inc.
DeWinton, Alberta

Nolan Blades [2]
President
Sunny Gables Holdings Ltd.
Calgary, Alberta

Larry Shelley [1, 2, 3]
President
Larry W. Shelley Professional Corporation
Calgary, Alberta

Carl Smith [1, 3]
Financial Consultant
Calgary, Alberta

Ron Dooley [3, 4]
C.F.O.
Wenzel Downhole Tools Ltd.
Calgary, Alberta

[1] *Member of Audit Committee*
[2] *Member of Compensation Committee*
[3] *Corporate Governance and Nominating Committee*
[4] *Effective January 31, 2005*
[5] *Effective April 4, 2005*
[6] *Effective February 20, 2005*

KEY PERSONNEL

Carl D.W. Johnson
President & C.E.O.
Gemini Corporation

Robert Brookwell [5]
VP & C.F.O.
Gemini Corporation

Marlene Quiring
VP & Controller
Gemini Corporation

Greg McGibbon
General Manager
Gemini Engineering Limited

Rick Buckner
General Manager
GEM Production Management Ltd.

Blair Harding
General Manager
Kinetic Process Systems Ltd.

Roderick Facey
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Fort Saskatchewan, AB T8L 2S4
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ANNUAL GENERAL MEETING

The Annual General Meeting of the Shareholders of Gemini Corporation will be held in the Mayfair Room of the Westin Hotel, 320-4th Ave S.W., Calgary, Alberta on May 25, 2005 at 3:00 PM (Calgary time).

Shareholders are encouraged to attend. Those unable to attend are requested to complete and submit the Proxy Form to the Company's registrar and Transfer Agent, Computershare Trust Company of Canada.

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